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The Director of Central Intelligence

Washington, D.C. 20505

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National Intelligence Council

NIC #04816-85  
25 September 1985

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: [REDACTED]  
Assistant NIO for Latin America

SUBJECT: Panama: The Spadafora Case and Supplemental Assistance

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1. The recent and unsolved assassination of a long-time critic of General Manuel Noriega of Panama and the likely involvement of his Panama Defense Forces (Attachment A) could create serious problems for US Executive efforts to obtain supplemental counterterrorism aid for Panama (\$6 million), as well as the other Central American countries included in the package (Attachment B).

2. Dr. Hugo Spadafora's assassination, after being taken into custody by the Panama Defense Forces (PDF) on 13 September, has created a public furor in Panama. Despite efforts by the PDF to cloud the case, the general public remains convinced that Spadafora was killed for his derogatory comments and disputes with General Noriega. The US Ambassador (Briggs) and Panama's President (Nicolas Barletta) agree that any high profile military-to-military activity involving USSOUTHCOM be curtailed for the present.

3. If the PDF cannot successfully dispel the broad-based public suspicion, its chances for any military assistance in the near future will be hurt. I have alerted Phil Hughes of the NSC Staff to this possibility.

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## Attachments:

- A. [REDACTED]
- B. President's Memo to Multiple Addressees,  
dtd 1 Aug 85, Subj: Supplemental Assistance  
to Safeguard US Interests in Central America

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MILITARY ADDEE TREAT AS SPECAT EXCLUSIVE

E.O. 12356: DECL:OADR  
 TAGS: PGOV, PM  
 SUBJECT: BARLETTA BACKS AWAY FROM SPADAFORA CASE

REF: A) PANAMA 10752, B) PANAMA 10680

1. S - ENTIRE TEXT.

2. SUMMARY. BARLETTA IS NOW TRYING TO WALK AWAY FROM THE SPADAFORA CASE, WHILE WISHING IT MIGHT SOMEHOW OFFER A WAY OF UNDERCUTTING FDP POWER WITHOUT HIS HAVING TO TAKE ANY ACTION HIMSELF. HE IS LEAVING THE INVESTIGATION IN THE HANDS OF AN FDP PUPPET (THE ATTORNEY GENERAL), AND GOING TO NEW YORK WHERE (HE HOPES) THE "DIGNITY OF THE PRESIDENCY" WILL BE ENHANCED. VIRTUALLY ALL PANAMANIANIS WE HAVE TALKED TO ARE DISAPPOINTED BUT NOT SURPRISED BY HIS LEADERSHIP FAILURE. NORIEGA, POSSIBLY KEY TO UNLOCKING THIS CASE (IF IT IS TO BE), IS EXPECTED BACK BY MID-WEEK. THE FDP LEADERSHIP REPORTEDLY IS GETTING RESTIVE; RUMORS OF SPLITS ABOUND. LEFT UNRESOLVED, THE CASE COULD HAVE SERIOUS IMPLICATIONS FOR BARLETTA, PANAMA, AND OUR RELATIONS, A POINT I HAVE MADE PLAIN TO BARLETTA. END SUMMARY.

3. PRESIDENT BARLETTA AND I DISCUSSED THE SPADAFORA MURDER AT LENGTH SUNDAY NIGHT (SEPTEMBER 23). HE BEGAN BY SAYING EMPHATICALLY THAT HE TRULY DID NOT BELIEVE THE FDP COULD HAVE BEEN SO "STUPID" AS TO HAVE CAUSED SPADAFORA'S DEATH: IT MUST HAVE BEEN "TERRORISTS" OUT TO DESTABILIZE PANAMA. WHEN I STATED THAT WE HAD CONSIDERABLE INFORMATION THAT THE FDP WAS DIRECTLY INVOLVED, HE SAID HE WAS SORRY TO HEAR IT BUT GUESSED IT MUST THEN BE TRUE.

4. I TOLD BARLETTA THAT WE HAD STRONG AND CREDIBLE INDICATIONS, GATHERED FROM A VARIETY OF CONFIDENTIAL SOURCES, THAT SPADAFORA HAD BEEN ENGAGED IN GUN-RUNNING; THAT THE COSTA RICAN SERVICE HAD BEEN TRACKING HIM AND KEEPING THEIR PANAMANIAN COUNTERPARTS ADVISED; THAT THE FDP HAD BEEN NOTIFIED OF SPADAFORA'S TRAVEL TO PANAMA; AND THAT HE HAD IN FACT BEEN ARRESTED AND

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TAKEN INTO CUSTODY BY THE FDP ON SEPTEMBER 13. NEXT, HE TURNED UP HEADLESS IN A COSTA RICAN DITCH. WE, LIKE EVERYONE ELSE IN PANAMA, HAD DRAWN OUR OWN CONCLUSIONS. THE CLUMSY EFFORT ON SEPTEMBER 19 OF ACTING FDP HEAD ROBERTO DIAZ HERRERA (NORIEGA STILL BEING OUT OF COUNTRY) TO DUMP AN INCREDIBLE WITNESS IN THE LAP OF THE ATTORNEY GENERAL, HIMSELF AN FDP PUPPET, MERELY ADDED TO THE OBVIOUS. BARLETTA SAID HE AGREED.

5. BARLETTA THEN SPECULATED AS TO HOW HE MIGHT TAKE THE INITIATIVE BOTH TO SOLVE THE MURDER CASE AND TO BREAK THE OVERWHELMING POWER OF THE FDP. HE ACKNOWLEDGED THAT SO LONG AS THE FDP COULD ACT WITH IMPUNITY, AND CONTROLLED BOTH THE JUDICIAL AND INVESTIGATIVE SYSTEMS (AND HE MIGHT HAVE ADDED, THE LEGISLATURE AS WELL), DEMOCRACY AND HIS OWN PROSPECTS REMAINED DIM. IN AN ASIDE, HE ASKED THAT THE U.S. CURTAIL ANY HIGH PROFILE MILITARY-TO-MILITARY ACTIVITIES UNTIL THE SITUATION CLARIFIED. (THIS IS CONSONANT WITH THE POSITION WE AND SOUTHCOM HAD ALREADY ADOPTED.)

6. AFTER CONSIDERABLE SOUL-SEARCHING, BARLETTA CONCLUDED THAT THERE REALLY WAS NOTHING HE COULD DO. HE CITED THE INESCAPABLE NEED TO SECURE FDP SUPPORT FOR HIS HOPED-FOR CHANGES TO THE LABOR CODE NEXT - JANUARY AS A CHIEF REASON FOR NOT DOING ANYTHING WHICH MIGHT OFFEND THE FDP LEADERSHIP. (LATER, HOWEVER, HE LAMENTED THAT THE FDP LEADERSHIP SEEMED TO BE DIRECTING BEHIND-THE-SCENE EFFORTS TO SABOTAGE HIS LEGISLATIVE REFORM PROGRAM.)

7. I ASKED HIM IF HE HAD CONSIDERED EMULATING PERU'S ALAN GARCIA. BARLETTA REPLIED THAT ANY ATTEMPT ON HIS PART TO SUSPEND ANYONE IN THE FDP WOULD CAUSE THEM TO DEPOSE HIM. IT WAS NOT A VIABLE OPTION. BESIDES, HE REPEATED, HE NEEDED THEIR SUPPORT IN THESE "CRITICAL" TIMES.

8. RATHER THAN TRY TO TAKE ON THE FDP, BARLETTA SAID HE WOULD INSTEAD SEEK TO BE "PRESIDENTIAL" AND STAND AWAY FROM THE SPADAFORA CASE AND LET "THOSE LEGALLY RESPONSIBLE" CONDUCT THE INVESTIGATION. HE

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SAID HE HOPED HIS TRIP THIS WEEK TO NEW YORK, HIS ATTENDANCE AT THE CANAL SIGNING CEREMONY, AND HIS ADDRESS TO THE UN ON THE 26TH WOULD SERVE HIS PURPOSES OF ENHANCING THE DIGNITY OF THE OFFICE OF THE PRESIDENT. (COMMENT: IT IS A PITY THAT BARLETTA BELIEVES THAT ADOPTING A PRESIDENTIAL POSTURE SOMEHOW ENHANCES THE PRESIDENCY EVEN MORE THAN ACTING WITH PRESIDENTIAL DECISIVENESS).

9. BARLETTA SAID HE WOULD BE ISSUING A "SUGGESTION" TO THE ATTORNEY GENERAL TO ACT ON THE DEMAND OF THE SPADAFORA FAMILY FOR A SPECIAL INVESTIGATING COMMISSION, CLAIMING THAT WHEREAS THE PRESIDENT HAD NO CONSTITUTIONAL AUTHORITY TO APPOINT SUCH A PANEL, THE AG COULD SEEK HELP WHEREVER HE WANTED. WHEN I POINTED OUT THAT THE AG HAD NO MORE CREDIBILITY THAN THE FDP, HE SAID HE HAD TO AGREE THAT WAS TRUE. (COMMENT: SEVERAL

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MEMBERS OF BARLETTA'S CABINET HAVE TOLD US THEY FEEL BARLETTA COULD NAME A SPECIAL INVESTIGATOR AND HAVE REPEATEDLY URGED HIM TO DO SO).

10. BARLETTA (LIKE MANY PANAMANIAN) WONDERED IF THE SPADAFORA KILLING MIGHT BE THE WORK OF COL. DIAZ HERRERA, DESIGNED TO PROVIDE A PRETEXT FOR OVERTHROWING NORIEGA; OR BY NORIEGA, TO SET UP DIAZ HERRERA, ON THE BASIS OF HIS HAVING BEEN IN CHARGE OF THE FDP AND PANAMANIAN SECURITY WHEN THE MURDER TOOK PLACE. (BARLETTA SAID NORIEGA WAS NOW SCHEDULED TO RETURN TO PANAMA BY MID-WEEK.) I SAID IT DID NOT SEEM TO MATTER MUCH: THE WHOLE HIGH COMMAND WERE MAFIOSI, AND THE SOONER PANAMA WAS RID OF THEM THE BETTER. AGAIN BARLETTA AGREED.

11. (NOTE: ACCORDING TO DATT THE HIGH COMMAND IS IN FACT DEMORALIZED AND SOME SENIOR OFFICERS ARE SHOWING SIGNS OF EXTREME TENSION OVER THE IMPLICATIONS OF THE MURDER FOR THE FDP AS AN INSTITUTION AND FOR THEM IN RELATION TO ONE ANOTHER. NO ONE HAS BOUGHT THE OFFICIAL LINE THAT THE FDP WAS NOT IN ANY WAY INVOLVED.)

12. COMMENT: I FOUND BARLETTA CLEARLY WORRIED BUT ABSOLUTELY DISINCLINED TO ACTION. HIS HAND-WASHING OVER THE INVESTIGATION WAS ALMOST AUDIBLE, AND HIS EAGERNESS TO ESCAPE TO A MORE "PRESIDENTIAL" SETTING IN NEW YORK EXPLICIT.

13. WE HAVE LOST TRACK OF HOW MANY LOCAL OBSERVERS HAVE COMMENTED TO US THAT BARLETTA SEEMS AGAIN TO HAVE LOST AN OPPORTUNITY TO ACT WITH DECISIVENESS, BOTH TO RESTORE HIS CREDIBILITY AS PRESIDENT AND TO STAND UP TO THE FDP BY PERSONALLY TAKING CHARGE OF THE INVESTIGATION.

14. OUR COLLECTIVE BEST GUESS, AT THIS POINT, IS THAT IF ANYTHING IS TO BREAK IN THIS CASE, IT WILL PROBABLY HAVE TO AWAIT THE RETURN OF NORIEGA. HE IS VERY MUCH A MISSING LINK IN A DISGUSTING CRIME WHICH HAS THOROUGHLY SHOCKED ALL OF PANAMA AND WHICH, IF LEFT UNRESOLVED, COULD HAVE SERIOUS IMPLICATIONS FOR BARLETTA, PANAMA, AND OUR OWN RELATIONS WITH PANAMA'S CIVILIAN AND MILITARY LEADERS.

15. I MADE THIS LAST POINT REPEATEDLY TO BARLETTA ON SEPTEMBER 23. HE SAID HE UNDERSTOOD, BUT SHOWED NO SIGN IT MIGHT MOVE HIM TO ACTION.  
BRIGGS

END OF MESSAGE

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**THE WHITE HOUSE  
WASHINGTON**

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Executive Registry

85- 3043

August 1, 1985

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**MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ**  
The Secretary of State

**THE HONORABLE JAMES A. BAKER III**  
The Secretary of Treasury

**THE HONORABLE CASPAR W. WEINBERGER**  
The Secretary of Defense

**THE HONORABLE EDWIN MEESE III**  
The Attorney General

**THE HONORABLE JOSEPH WRIGHT**  
The Director, Office of Management and Budget  
(Acting)

**THE HONORABLE WILLIAM J. CASEY**  
The Director of Central Intelligence

**GENERAL JOHN W. VESSEY, JR.**  
Chairman, Joint Chiefs of Staff

**SUBJECT: Supplemental Assistance to Safeguard U.S.  
Interests in Central America (C)**

In accord with the provisions of National Security Decision Directive 176 (NSDD-176), a \$53M FY-85 regional counter-terrorism supplemental for Central America is hereby approved. The interagency program at Tab A should be used as a guideline for implementation. The Department of State, in coordination with the Departments of Treasury, Defense, Justice, the OMB, CIA, and the JCS, should, therefore, commence immediate consultations with the Congress in order to obtain requisite resources during September 1985. (C)

An interagency team should be established to prepare appropriate Congressional presentation and support materials for use when the Congress reconvenes after Labor Day. As lead agency, the State Department should also designate a point of contact for devising necessary internal arrangements for expeditious implementation of this program once funding has been approved. (C)

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In presenting our proposal for the Regional Counter-terrorism Program, efforts should be made to address this issue in a manner that does not prejudice a subsequent effort to obtain broader, more substantial economic and military assistance funding for Central America and other critical front-line states during FY-86. (C)

*Ronald Reagan*

Attachment

Tab A - Regional Counter-terrorism Program

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